

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 1214, H.D. 1

April 8, 2015
3:00 P.M.

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
ASSIST HAWAIIAN ELECTRIC COMPANY, INC., MAUI ELECTRIC COMPANY,
LIMITED, AND HAWAII ELECTRIC LIGHT COMPANY, INC.

Senate Bill No. 1214, H.D. 1, authorizes, among other things, the issuance of
Special Purpose Revenue Bonds (SPRB) to assist Hawaiian Electric Company, Inc.,
Maui Electric Company, Limited, and Hawaii Electric Company, Inc. pursuant to Part VI,
Chapter 39A, Hawaii Revised Statutes.

The Department is providing comments only to advise the Legislature and
prospective SPRB parties that should the legislation be approved, approval of SPRB
issuance will require further discussion and satisfactory credit underwriting review of the
financing components with respect to any proposed financing.

Thank you for the opportunity to provide testimony on this measure.

Testimony Before The House Committee On
Finance

Senate Bill No. 1214, H.D.1

April 08, 2015

By

Tayne S. Y. Sekimura, Senior Vice President and Chief Financial Officer
Hawaiian Electric Company, Inc.

Financial Vice President
Hawaii Electric Light Company, Inc.
Maui Electric Company, Limited

Chair Luke, Vice Chair Nishimoto and Members of the Committee:

Hawaiian Electric Company, Inc., Maui Electric Company, Limited and Hawaii Electric Light Company, Inc. (collectively, "the Companies") support the passage of Senate Bill No. 1214. The Companies seek authorization for the Department of Budget and Finance to issue up to \$800 million in special purpose revenue bonds over five years on behalf of the Companies to finance multi-project capital improvement construction programs for the local furnishing of electric energy.

Interest and principal payments on these bonds, as well as all other costs associated with them, are obligations of the utilities on whose behalf they would be sold. The State has no obligation to make any payments related to these bonds.

Depending on market conditions, tax-exempt revenue bonds could be cheaper for customers than taxable debt. In 2012 and 2013, capital market conditions made it more economical for the Companies to issue taxable debt than revenue bonds. However, the Companies would like the flexibility to issue revenue bonds if it again becomes more economical to do so for our customers.

The proceeds of the sale of special purpose revenue bonds will be used by the utilities for the construction of facilities necessary to furnish electricity. All projects eventually financed by revenue bond proceeds must be specifically approved by the Hawaii Public Utilities Commission for revenue bond financing.

We would like to request that the bill be restored to its original wording, including deletion of the sections of the bill relating to the unbundling of electric utility rates (Part I, Sections 1 and 2).

Thank you very much for the opportunity to testify in support of this measure.

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, April 08, 2015 10:37 AM
To: FINTestimony
Cc: darakawa@lurf.org
Subject: Submitted testimony for SB1214 on Apr 8, 2015 15:00PM

SB1214

Submitted on: 4/8/2015

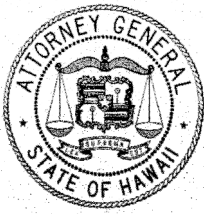
Testimony for FIN on Apr 8, 2015 15:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
David Z. Arakawa	Land Use Research Foundation of Hawaii	Support	No

Comments: The Land Use Research Foundation of Hawaii SUPPORTS the original version of SB 1214, relating to the ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST HAWAIIAN ELECTRIC COMPANY, INC., MAUI ELECTRIC COMPANY, LIMITED, AND HAWAII ELECTRIC LIGHT COMPANY, INC., which authorizes the issuance of special purpose revenue bonds to assist Hawaiian Electric Company, Inc., Maui Electric Company, Limited, and Hawaii Electric Light Company, Inc. (SB 1214, HD1) LURF respectfully urges the Committee on Finance to DELETE the HD1 revisions and return this measure to its original SB 1214 version.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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TESTIMONY OF THE DEPARTMENT OF THE ATTORNEY GENERAL TWENTY-EIGHTH LEGISLATURE, 2015

LATE

ON THE FOLLOWING MEASURE:

S.B. NO. 1214, H.D. 1, RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST HAWAIIAN ELECTRIC COMPANY, INC., MAUI ELECTRIC COMPANY, LIMITED, AND HAWAII ELECTRIC LIGHT COMPANY, INC..

BEFORE THE:

HOUSE COMMITTEE ON FINANCE

DATE: Wednesday, April 8, 2015

TIME: 3:00 p.m.

LOCATION: State Capitol, Room 308

TESTIFIER(S): WRITTEN COMMENTS ONLY. For more information, call Deputy Attorney General Diane Erickson, 586-0618

Chair Luke and Members of the Committee:

The Attorney General has concerns about this bill.

As expressed in its title, this bill authorizes the issuance of special purpose revenue bonds to assist Hawaiian Electric Company, Inc., Maui Electric Company, Limited, and Hawaii Electric Light Company, Inc. Section 2 of the bill adds a new section to part VI of chapter 39A, Hawaii Revised Statutes (HRS), imposing new requirements on **all** electric utilities to be eligible to receive financing assistance through special revenue bonds. According to the website of the Public Utilities Commission, there are **four** electric utilities in the State regulated by the Public Utilities Commission, not just the three mentioned in the bill's title.

Article III, section 14, of the State Constitution, provides in relevant part that: "No law shall be passed except by bill. Each law shall embrace but one subject, which shall be expressed in its title." The single subject requirement is intend to apprise the public as to the bill's contents and to prevent logrolling legislation and surprise. Thus, a bill that addresses subjects outside its single subject title violates article III, section 14, of the State Constitution.

As noted above, the title of the bill is "Relating to the Issuance of Special Purpose Revenue Bonds to Assist Hawaiian Electric Company, Inc., Maui Electric Company, Limited, and Hawaii Electric Light Company, Inc." However, section 2 of the bill amends general law by adding a new section to part VI of chapter 39A, HRS, to impose as a condition of eligibility to receive special revenue bond financing that an electric utility unbundle consumer rate charges in a manner prescribed by the Public Utilities Commission. This proposed amendment addresses a

subject that is applicable to **all** electric utilities regulated by the Public Utilities Commission, not just the three utilities named in the bill's title. Accordingly, we recommend that section 2 of the bill be deleted in order to avoid a violation of article III, section 14, of the State Constitution.

Thank you for the opportunity to raise our concerns with this bill.

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, April 08, 2015 10:47 AM
To: FINTestimony
Cc: mlspadaro@yahoo.com
Subject: Submitted testimony for SB1214 on Apr 8, 2015 15:00PM

SB1214

Submitted on: 4/8/2015

Testimony for FIN on Apr 8, 2015 15:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Mary	Individual	Support	No

Comments: I support the unbundling of services billed to customers of the electric utilities in order to facilitate on-bill financing of sustainable energy.

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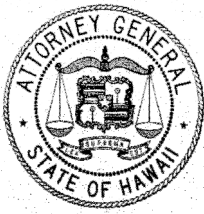
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